

**CUBIC CORPORATION**  
**CONSOLIDATED CONDENSED STATEMENTS OF INCOME (UNAUDITED)**  
(amounts in thousands, except per share data)

	Six Months Ended		Three Months Ended	
	March 31,		March 31,	
	2007	2006	2007	2006
	<u>(amounts in thousands, except per share data)</u>			
Net sales:				
Products	\$ 253,443	\$ 245,944	\$ 132,484	\$ 121,354
Services	179,533	155,736	97,557	85,285
	<u>432,976</u>	<u>401,680</u>	<u>230,041</u>	<u>206,639</u>
Costs and expenses:				
Products	206,805	213,224	107,716	109,035
Services	148,413	127,257	80,249	69,286
Selling, general and administrative	46,917	46,962	23,707	24,591
Research and development	1,351	4,146	570	2,202
	<u>403,486</u>	<u>391,589</u>	<u>212,242</u>	<u>205,114</u>
Operating income	29,490	10,091	17,799	1,525
Other income (expense):				
Gain on sale of investment real estate	-	7,237	-	-
Interest and dividends	898	651	464	405
Interest expense	(1,476)	(2,216)	(732)	(1,358)
Other income	530	619	48	(41)
Minority interest in loss of subsidiary	394	656	132	398
	<u>394</u>	<u>656</u>	<u>132</u>	<u>398</u>
Income before income taxes	29,836	17,038	17,711	929
Income taxes	10,300	5,800	6,500	200
	<u>10,300</u>	<u>5,800</u>	<u>6,500</u>	<u>200</u>
Net income	<u>\$ 19,536</u>	<u>\$ 11,238</u>	<u>\$ 11,211</u>	<u>\$ 729</u>
Basic and diluted net income per common share	<u>\$ 0.73</u>	<u>\$ 0.42</u>	<u>\$ 0.42</u>	<u>\$ 0.03</u>
Dividends per common share	<u>\$ 0.09</u>	<u>\$ 0.09</u>	<u>\$ 0.09</u>	<u>\$ 0.09</u>
Average number of common shares outstanding	<u>26,720</u>	<u>26,720</u>	<u>26,720</u>	<u>26,720</u>

**CUBIC CORPORATION**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**  
(in thousands)

	March 31, 2007 (Unaudited)	September 30, 2006 (See note below)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 62,368	\$ 42,380
Short-term investments	8,426	8,874
Accounts receivable, net	314,275	330,447
Inventories	21,885	20,209
Deferred income taxes and other current assets	30,477	36,159
Total current assets	437,431	438,069
Long-term contract receivables	17,800	2,200
Property, plant and equipment - net	54,641	54,564
Goodwill	35,458	34,750
Other assets	17,820	18,488
	\$ 563,150	\$ 548,071
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Short-term borrowings	\$ -	\$ 10,000
Trade accounts payable	19,772	23,240
Customer advances	56,611	43,752
Other current liabilities	63,434	64,095
Accrued pension liability	8,262	6,283
Income taxes payable	6,157	7,099
Current portion of long-term debt	6,112	6,078
Total current liabilities	160,348	160,547
Long-term debt	32,762	38,159
Accrued pension liability	17,368	18,208
Deferred compensation	7,715	7,565
Minority interest	-	366
Shareholders' equity:		
Common stock	234	234
Additional paid-in capital	12,123	12,123
Retained earnings	355,654	338,523
Accumulated other comprehensive income	13,015	8,415
Treasury stock at cost	(36,069)	(36,069)
	344,957	323,226
	\$ 563,150	\$ 548,071

*Note: The balance sheet at September 30, 2006 has been derived from the audited financial statements at that date.*

**CUBIC CORPORATION**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(amounts in thousands, except per share data)

	Six Months Ended March 31,		Three Months Ended March 31,	
	2007	2006	2007	2006
<b>Operating Activities:</b>				
Net income	\$ 19,536	\$ 11,238	\$ 11,211	\$ 729
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	4,520	4,600	2,179	2,282
Gain on sale of investment real estate	-	(7,237)	-	-
Changes in operating assets and liabilities	13,609	(14,271)	28,931	12,576
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>37,665</b>	<b>(5,670)</b>	<b>42,321</b>	<b>15,587</b>
<b>Investing Activities:</b>				
Net additions to property, plant and equipment	(3,326)	(5,630)	(1,470)	(3,252)
Proceeds from sale of investment real estate	-	8,028	-	-
Change in short-term investments, net	448	-	(8,426)	-
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(2,878)</b>	<b>2,398</b>	<b>(9,896)</b>	<b>(3,252)</b>
<b>Financing Activities:</b>				
Change in short-term borrowings, net	(10,000)	8,698	-	9,699
Principal payments on long-term borrowings	(5,764)	(5,428)	(168)	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(15,764)</b>	<b>3,270</b>	<b>(168)</b>	<b>9,699</b>
Effect of exchange rates on cash	965	(1,562)	348	(862)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>19,988</b>	<b>(1,564)</b>	<b>32,605</b>	<b>21,172</b>
Cash and cash equivalents at the beginning of the period	42,380	48,860	29,763	26,124
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>\$ 62,368</b>	<b>\$ 47,296</b>	<b>\$ 62,368</b>	<b>\$ 47,296</b>